

Town of Bedford Finance Committee

Town Hall, Selectmen's Meeting Room

July 10, 2014

Members in attendance: Rich Bowen, Tom Busa, Bob Kenney, Elizabeth McClung, Barbara Perry, Steve Steele (Chair), Ben Thomas.

Others in attendance: Taissir Alani, *Facilities Director*; David Coelho, *Bedford Schools Director of Finance*; Victor Garofalo, *Director of Finance and Collector/Treasure*; Michael McAllister, *School Committee*; Paul Mortenson, *4 Wellington Way*; David Powell, *3 McMahon Road*; Marcia Pyles, *Facilities*; Ronald Scaltreto, *Facilities*; Jon Sills, *Superintendent of Schools*; Roy Sorenson, *Director of Public Works*.

FY2014 Reserve Fund Transfer Request: DPW Director Sorenson asked for a Reserve Fund transfer to pay for water used to flush the system after another summer of positive tests for total coliform bacteria. This is the second year such a transfer has been necessary. Mr. Sorenson said that less water had been used this year but the cost of water had risen. The FY14 request = 211,408.93; the FY13 request = \$217,327.00.

Mr. Sorenson added that this was also the second year that a "chlorine burn" had been done in an attempt to make it less likely that total coliform would develop. This year the burn only lasted 10 days but that was because "Burlington was having problems on their end," Mr. Sorenson said.

Mr. Kenney pointed out that a Reserve Fund transfer is allowable only for unanticipated problems. Since this is the second year of the problem, he questioned how the circumstances qualify as "unanticipated."

Mr. Sorenson replied that the problem is a relatively recent development and that it was uncertain if the bacteria issues would return for a second year. Mr. Garofalo said, going forward, that estimated costs will be "built into the FY15 budget."

Mr. Thomas congratulated Mr. Sorenson on his one-year anniversary as DPW Director. He then asked to consider approaching resolution to the water problem from a different direction. "Looking at a \$200,000 purchase year after year feels structurally incorrect—like we're going about this backwards. I'm wondering what else we should be doing so that we don't need to flush. I understand we can build this into the water rates to cover financials but it still feels like the wrong approach."

Mr. Sorenson replied that, regardless of the positive bacteria tests, the Town has a regularly scheduled "flushing program"; flushing was accelerated due to bacteria. More water was used than under normal circumstances but, looking at the recent years' usage totals, the water rate can be adjusted to capture the cost of the anticipated additional flushing.

Mr. Thomas said he was hoping to eliminate the problem in the first place, rather than to merely find ways of accommodating the cost.

Mr. Sorenson said the root of the problem vis-à-vis Bedford water mains is being addressed through the staged project of cleaning and relining the old pipes. "We're certainly going to see how we make out this

year. Something that plays a big part is water temperature. Right now we have surface/bypass lines where we're doing the work on the Page and Shawsheen Road areas. That increases the water temperature. I don't want to predict that we're going to be out of the woods this year. Next year as we get into July and August, after we've done the majority of the cleaning and lining of the older main line pipes that come out of Lexington, we'll have a good idea of where we should be."

Mr. Thomas worried that money built into budgets for special purposes tends not to come back out once that purpose is satisfied.

Mr. Sorenson reported that Bedford has done/is doing everything required to satisfy the consent order issued by the MWRA. This includes the chlorination of the water tanks, cleaning the wells that subsequently feed into MWRA-supplied water, and cleaning and lining elderly pipes. Once the resulting benefits of that work are understood, it will be clearer how the Town should proceed. "We have to get our house in order first," Mr. Sorenson said.

Pipes already cleaned and lined are "holding better chlorinated values." But, Mr. Sorenson added that the water has to travel through Lexington before reaching Bedford, making "their oldest water our newest." As the treated water travels through the pipes from the source, it loses chlorine value. "By the time it gets to West Bedford, it's taken its toll getting through the MWRA system."

Mr. Thomas asked whether Bedford should talk to the MWRA about the quality of the water when it reaches Bedford. "If everything the store delivered to me was on its expiration date, I wouldn't be happy. Should they cover the cost of the water clean up the problem?"

Mr. Sorenson said that he didn't believe Bedford was in a position to make that case, considering the state of the Town's water mains. "If we do everything we need to do to get our system in order and we're still having these issues, then that conversation has merit." He added that the MWRA is installing a new ultraviolet disinfection system at the treatment plant that might help. They now use an ozone disinfection system.

Building such ongoing water costs into the rates, Mr. Thomas said, is a complicated issue likely to excite taxpayer passion.

Mr. Kenney asked what the percentage increase was. Mr. Sorenson said that Bedford had purchased 15% more water from Lexington than usual.

Ms. McClung said she felt similarly to Mr. Thomas: Bedford is getting second-quality water.

Ms. Perry agreed that the cost should not become embedded in the budget without addressing the root of the problem. However, she added, "I know you're working very hard to resolve the issue. As far as I know, you're doing everything I can conceive of."

Ms. Perry asked if there is a difference in the quality of water between when it enters Lexington and when it enters Bedford. Mr. Sorenson said it's fresher the closer you get to the treatment facility. "A lot of communities have a direct trunkline coming off the MWRA line, which means it comes straight into

the community—you're the first to be using that, it's not mixing through another system first before it gets to you. The water is fine when it gets here; the problem is that by the time it gets here, it's getting aged. Water temperature plays a big part of it and the tuberculation in our pipes plays a big part of it. The ozone method by which they disinfect it—there was always a question of whether that was a good disinfection method. They have gone to the UV method that's going to supplement the ozone. It's unknown whether UV will replace ozone but they are looking at different ways to disinfect."

He added that Bedford should be—and now is— "running a pro-active cleaning and lining program" to get rid of tuberculation. "What happens is the bacteria get caught up in the tuberculation in the pipe and that gives it the chance to sit there. " The new lining will diminish the tuberculation.

Mr. Sorenson said that the water is tested at the Great Road facility across from the DPW building. After the relining of the Great Road water main was completed, chlorine levels found at the Great Road facility were higher than they had been previously, indicating that the cleaning and relining projects have had a positive effect.

The current phase of cleaning and relining being done on the Page and Shawsheen Road pipes should be completed soon, Mr. Sorenson said.

How successful the work being done will ultimately be won't be known until next summer. Mr. Sorenson said that things were moving in the right direction with less water needed for flushing this last summer compared to the summer before. With work now ongoing--- and additional flushing continuing-- the extent of additional water costs won't be known until this time next year. "I'm anticipating a reduction in what we're purchasing from Lexington."

Mr. Busa asked where the closest trunkline is coming off the MWRA system. Mr. Thomas said he'd looked at the maps and no other line was close. Mr. Sorenson said he was not 100% certain but he believed Bedford didn't have a dedicated line because Lexington had not wanted to have its streets disrupted for a separate line coming to Bedford.

Mr. Busa said he'd heard two things in the evening's discussion about how the financials would be handled. First, that money would be built into next year's budget to address the issue and, second, that water rates would go up to cover the cost. "Did we do both?"

Mr. Garofalo replied that money had been built into the budget for the water purchase which is recouped through the rates. In FY15, \$120,000 had been put in the budget but the Selectmen voted to recoup only \$60,000 of that amount through water rates. The other \$60,000 would be recouped through the tax levy.

"Here's the issue," Mr. Busa said. "You're not actually recouping it through the tax levy—you're going to come back next year and ask for a \$60,000 Reserve Fund transfer. This goes back to Bob's question: this is not an unanticipated problem. You can't ask for a Reserve Fund transfer. You're telling us there's a problem and the Selectmen don't want to raise the rates high enough to cover the problem. It's not

unanticipated if you already know you're coming back here next July to say you have a \$60,000 problem. You can't get it from the Reserve Fund."

Mr. Garofalo explained that the way it will work is that he won't reduce the budget from \$120,000 down to \$60,000. "When I come back to you in September, I'm going to say that I have \$60,000 less in Local Receipts from the water purchase, now we have to find \$60,000. If it's over \$120,000, then we'll have to come to you."

Mr. Busa said there is now a \$211,000 problem, pointing out that it was caused by flushing that occurred last summer. "This is not unanticipated. We went through fall Town Meeting and you already knew there was a water problem because we flushed. We should have had something at STM saying we either need to change the tax levy or put money aside in the budget for that. Then we went into Annual Town Meeting. Once again, we knew there was a problem. You're coming now and saying it's unanticipated—which is the only thing the Reserve Fund can be used for. It's not unanticipated. I understand you don't know what the total problem would be, but you knew there was a problem."

Mr. Garofalo said he hadn't come to STM in the fall because it was too early in the season to really know what was going to happen. Mr. Busa pointed out that the flushing had occurred by that point in time. "We knew there was a problem through two Town Meetings. Town Meeting is the correct and proper way to ask for this money."

Mr. Garofalo said that by Annual Town Meeting, the Reserve Fund had been increased by \$100,000 and he'd given FinCom a list of the FY14 issues that might require a transfer request, including water purchase, homeless student transportation and veterans.

"I did an estimate of where I thought things were going to come out, based on what we already had in the Reserve Fund. We assumed a higher amount for transportation at that point but it came in lower and I was able to use some of that additional money that was already in the Reserve Fund."

Mr. Busa replied that the "more correct way to use the Reserve Fund would be to go to Town Meeting and say we have a water problem so we need to put money aside. It just ends up being more than we thought it was going to be."

Mr. Garofalo said at the time that he didn't want to over-estimate how much should go into the Reserve Fund. But coming into FY15, the water issue is anticipated and has therefore been acknowledged as a line item for "flushing" in the budget.

Mr. Kenney and Mr. Busa agreed that the money should not be held up, even though, in their opinion, it should have been handled differently.

Mr. Thomas repeated that he supported getting to the bottom of the problem rather than continuing to flush forevermore. Mr. Garofalo and Mr. Sorenson again reassured the Committee that there was a plan to address the problem and everything that could be done was being done.

Mr. Steele asked if the chlorine values were at the high or low end of the range when the water arrives in Bedford. Mr. Sorenson said they were at the low end but the MWRA was meeting the required standards. Mr. Steele disagreed, saying that it seemed as though Bedford's pipes had been identified as the sole cause.

Mr. Sorenson said that Bedford could try to make that argument but the MWRA would respond by saying the Town's water infrastructure was 40-50 years old and that it's tuberculated. Mr. Steele said if the water had high-end of the range chlorine values instead of low-end, by the time it made it to the western reaches of town, it might still be acceptable. Mr. Sorenson said that the chlorine values decline quickly within Bedford's pipes because of the tuberculation.

Ms. Perry asked whether we know if Lexington's water infrastructure is free of problems. Mr. Sorenson said that a lot of municipalities are now struggling with their water infrastructure. "If Lexington is taking care of their pipes, we'll benefit."

Ms. Perry moved that the Finance Committee authorize a Reserve Fund transfer of \$211,408.93 for water purchase. Mr. Busa seconded. The motion passed 7-0-0.

A summary of the Reserve Fund Account: Before moving to the next agenda items—also Reserve Fund transfer requests—Mr. Garofalo reviewed the status of the Reserve Fund.

"We started off with \$450,000 at ATM. At STM, we added \$175,000 which was added because of the increase in homeless transportation, estimated to be about \$350,000. In March, we added another \$100,000 because we didn't see things dropping but the homeless came in at \$231,000 (rather than \$350,000), the veterans came in at \$28,000 instead of \$55,000. After you vote tonight's Reserve Fund transfers, we will still have about \$184,000 and that will go to Free Cash."

Mr. Steele said, going back to the previous discussion, the money for these sorts of thing shouldn't just go into the Reserve Fund. Mr. Busa commented that he had no problem with money going into Reserve as long as the particulars of anticipated issues were discussed at Town Meeting.

Ms. Perry said she has a general concern for the amount being used out of Reserve. "I know you're working hard to control it, instead of allocating a huge amount in the beginning."

Mr. Garofalo agreed that a lot had been used from Reserves in the last two years but added that two of the biggest issues during that time have been water and homeless student transportation. "We've addressed the homeless by segregating the money in the Reserve Fund; the water purchase, after this year, we're adding it to the budget. But, you are right: we have used a lot more than we do usually."

Mr. Thomas said that while this may be so, it is still far less than 1% of the budget. Mr. Busa added that if it is built into the budget it tends to disappear.

It was generally agreed that the Committee should, as Mr. Thomas recommended, "take time to reexamine the process for designing the budget."

Facilities Department - Utilities / General Expenses: Facilities Director Asani, together with colleagues Marcia Pyles and Ron Scaltreto, addressed higher-than-budgeted utilities costs as well as expenses for several projects that were unanticipated. These issues have been discussed at previous meetings.

The FY14 utilities budget has proven to be problematic in two ways: 1) it was based on a warm year and 2) fuel rates were lower at the time the budget was originally calculated. The result is that the allocated amount is insufficient.

Rather than basing the utilities budget on any given year, Mr. Asani said the industry rule of thumb is to “normalize” therm usage. “The temperature is above normal or below normal—they’re comparing to ‘normal’ standards that are set in the industry—not comparing today to last week.”

Mr. Asani said that back in 2007, the utilities budget was \$1.5M. “It dropped in 2008, 2009, 2010 to the point it’s now \$1.1M in 2013. The energy savings that have taken place over the years have actually been deducted every year from the budget, without coming back to you to explain what happened. After all these projects— like changing from oil to natural gas— we’re at \$1.1M. This really reflects all the energy savings that have been done in Bedford.” Mr. Asani said he would return to the Committee at a later date with a more detailed accounting of energy-related the savings.

In response to a question from Ms. McClung, Ms. Pyles said the Schools pay for their own utilities and that it comes out of the School budget. Because Facilities spans both School and Town, the \$1.1M quoted represents the budget for both School and Town utilities. In the matter of the current overage now before FinCom for a Reserve Fund transfer, the Schools have proffered about \$30,000 toward the deficit.

Mr. Garofalo clarified that there would be two Reserve Fund transfers needed to address this deficit: one from the School side and one from the Town side.

Mr. Busa asked, outside of the Schools, how many separate line items across departments were for utilities. Mr. Garofalo replied that the DPW, Library and Town Center all have their own utilities line items.

Mr. Busa said that, if these departments go over, they have to come to FinCom for a Reserve Fund transfer. If utilities cost less than was budgeted, the remainder falls to Free Cash, with the exception of Schools—unless the Schools deem to identify it as such.

Mr. Asani says that, to analyze energy use, his department looks at costs per square foot. Over the period between 2007 and 2013, the cost per square foot has decreased from \$2.34 to \$1.60. “So the money we’ve invested has paid off,” summarized Mr. Thomas.

“I can tell you from my own experience and from the private sector where they benchmark utilities, you’ll never see—even in the super-efficient buildings—anything under \$1.00,” Mr. Asani said. “The \$1.00 in the private sector is based on business hours only; our cost includes a lot of nights for School and Town building usage after business hours. Bedford should be very proud of that number. I would love to bring it down to \$1.00 but that would only be if it was 8 hours a day.”

Mr. Asani said that the next time he presents to FinCom, he will bring an analysis of the energy-saving projects still on the table to be done that he is now reviewing. “We intend to do them. And the ones that were done, we will show you the ‘before’ and the ‘after.’”

Mr. Asani said one of the components of Bedford’s “energy diet” includes a policy to turn on the AC only if the building is rented by an outside group and only when internal building temperatures reach 78 degrees. “We don’t want to make it too uncomfortable, but we get close,” Mr. Asani said.

Mr. Asani said that there will be higher energy rates in the upcoming budget. In this year’s utilities budget, electricity was pegged at 16.573 cents per kWh. For FY15, the kW will be budgeted at 19.53 cents—a 15% increase.

Mr. Asani said the NStar rate is prone to fluctuation and the rate is controlled by the State. The Schools have a different rate than the Town because the Schools are “educational space”.

For natural gas, the amount budgeted was \$1.23 per therm but the actual price was \$1.44—a 17% increase. The Town is now under contract for \$1.36 per therm until November 2015. Mr. Asani said that Ms. Pyles has looked into prices for the following contract term and reports that that rate is expected to go up by 24%.

Mr. Asani said that relief from escalating prices would be possible as early as 2017 if the Keystone XL goes through. The problem is one of capacity, not supply.

Mr. Asani added that, since he first reported the overage to FinCom, his department has taken strategic action to lessen the deficit by 1) placing a moratorium on supplies purchasing and 2) by turning everything off that could be eliminated. By taking these two actions, Facilities saved \$22,539 on the Town side. “We went back and shut down the boilers and turned off the electricity. We turned off everything. We went on a purchasing freeze. That’s why you end up with \$17,622.93 instead. The Town Center deficit was washed out with something like \$9.70 on the plus side,” Mr. Asani said.

Ms. McClung said she appreciated the conservation efforts and asked if there had been conversation about solar-canopied parking lots. Mr. Asani said he has been talking to a couple of vendors about this. “We don’t want to touch our roofs—some of them are reaching the age of replacement. But, yes, we’ll pursue solar carports aggressively.

Mr. Bowen asked for future reports to focus on usage as well as cost. “Usage is more controllable than cost. The price of electricity and fuel is still volatile. It’s useful to look at usage per square foot and look for those trends to show savings from energy projects that can get obscured when you only look at cost.”

Mr. Steele agreed, saying rate volume is the best way to judge return on investment.

Mr. Asani said he will initiate a proposal for a town-wide energy management system. Currently, only some buildings—four School and two Town buildings— are being monitored in real time. Mr. Asani

wants to hook up all the buildings to a management system. "It's really the only way we can really control the usage. We only have six that we can schedule and play with and manage."

Mr. Busa asked if Facilities controls the Town Hall. Mr. Asani said the Town Hall is hard to control. The systems are due for upgrade and the building has only four zones when, ideally, every office should be individually zoned. "Now, even though you're only using this room, you have to turn on the whole floor."

Mr. Garofalo recommended voting two transfers. Ms. Perry moved that the Finance Committee approve a Reserve Fund transfer of \$17,622.93 for the Facilities department account 001.3500.5211 for natural gas. Mr. Busa seconded. The motion passed 7-0-0.

Ms. Perry then moved that the Finance Committee approve a Reserve Fund transfer for utilities for the School department utility budget accounts in the amount of \$52,191.02. Mr. Busa seconded. The motion passed 7-0-0.

Mr. Asani acknowledged Ms. Pyles and Mr. Scaltreto for all the assistance they provided him during his inaugural year and leading up to the evening's presentation. Mr. Thomas thanked the Facilities staff for the additional detail they have provided upon request.

School – Homeless Transportation: Superintendent Jon Sills and School Finance Director Dave Coelho requested a Reserve Fund transfer of \$231,416.77 for homeless student transportation. At the beginning of the school year, based on the number of students requiring transportation at the time (50) and the size of the Plaza population, the estimated cost was \$350,000. However, with turnover and with no additional families placed in Bedford, associated transportation costs have diminished. For the last 3 months of the school year, only 25 students were transported.

Additionally, the Schools reported that, in some cases, parents have been paid to transport their children at a lower rate than a vendor would charge.

Ms. McClung pointed out that although the number of children had been halved, the cost had not gone down by the same ratio. Mr. Coelho explained that different kids are transported by different vendors to different towns. Some vendors charge by the trip and some by the student. "The costs are all over the place," he said. Additionally, parents may change their minds and decide they want their children to go to their town of origin or enter school in the host town.

In terms of eventual reimbursement, Ms. McClung asked if the Schools have advocated for 100% reimbursement instead of the 50% legislated to date.

Mr. Sills said the Schools have lobbied alongside Senator Barrett and Rep. Gordon. He added that the Schools are exploring an alternative transportation vendor for next year: one of the educational collaboratives that Bedford belongs to is interested in providing the service at a lower fee than current vendors.

Mr. Bowen said that the State is mandated to reimburse towns for homeless transportation. He added that the remaining funding will be voted in a second round appropriation. "The problem is, it is extremely difficult to estimate the cost for all the towns involved. What the legislature has done for the last several years is vote a low number and then, through supplemental budgets, voted 100% or very close to 100%. Otherwise, they're committing a lot of funds that could be used elsewhere. We're not apt to see any change in the method: the Legislature will underfund it in the first budget and fully fund it in a later budget. "

Mr. Garofalo said Bedford received 98% reimbursement in August of last year.

Mr. Bowen asked if the School provides an estimate of total cost to the State. Mr. Coelho replied that such all information flows through the Department of Education but that Bedford supplies that info to the Department in the first place.

Satisfied with understanding the need for this transfer, Ms. Perry moved that the Finance Committee approve \$231, 416.77 as a Reserve Fund transfer to the School operating budget for homeless transportation. Mr. Kenny seconded.

Mr. Steele asked whether the cost stated in the motion is the full cost of transporting students or only half since the full cost is shared with the receiving towns. Mr. Coelho clarified that the amount represents half the total costs but all of Bedford's cost. "Basically, double this and you'll get the whole cost. It's 50/50."

Mr. Steele asked if students were being bused over the summer. Mr. Coelho said "No" but some children are attending summer programs in town and Bedford Charter is transporting them from the Plaza to the program location. Even if a child is living in Bedford and being transported to school in Boston during the school year, Bedford does not incur homeless transportation costs during the summer.

Voting on the motion to transfer \$231,416.77, the tally was 7-0-0 and the motion passed.

Mr. Sills updated the Committee on to the subject of adding two modulars to Davis School. "There are some additional costs for the creation of the connector and for the heating of the units. The School department will cover the cost of the lease as we said that we would and we'll also pay for the heating cost through the operating budget. The Facilities department—using its own labor and absorbing the materials cost— will be able to cover the cost of the connector. The amount that we're going to end up needing will be the same [as was discussed previously].

"The procedure will be that once the work is done and we have exact figures, I'll recommend to the School Committee that they vote to recommend to the Selectmen that they submit an article rescinding the two capital articles for the \$42,000 and \$56,000 and then the School Committee will decide whether to recommend that the money be reverted back to the Finance Committee Reserve or be reverted to the School operating budget—segregated as intending to cover this cost. Depending on what that decision is, we'll come back to you either for a Zero Fund transfer or pay for it out of operating. We did

go to Capital Expenditures and they voted unanimously to support the concept of installing modulars in lieu of space modifications.”

Chairman Steele clarified that FinCom had not questioned the space needs but had, instead, questioned the process. Mr. Sills thanked Fin Com for its questions and said he believed the plan was now proceeding correctly.

Mr. Garofalo recommended that the FY15 capital budget be amended by \$48,000 at Town Meeting. Then, the Reserve Fund would need to be amended which will then be increased by \$100,000. “Part of the amendment will be to transfer the money from the article that was voted in 2014 to the Reserve Fund. The money will sit in the Reserve Fund—we can do the same thing that we do with the homeless. We’ll take another look at it in September—we probably have too much appropriated to the homeless transportation in FY15 anyway.”

Mr. Thomas questioned why this wouldn’t go into capital –or be categorized as a capital expense. “The reason I ask is because we get pounded for never spending enough on capital and yet we have all kinds of stuff that’s capital that is hidden under other names. We actually spend a huge amount on capital. ”

Mr. Garofalo said it might be hard to categorize this project as “capital” considering the modulars are temporary. Additionally, “if the modulars were being done after STM, we’d probably put it in as capital but the project will be completed by then. It doesn’t seem right to vote on a capital article that we’ve already done.”

Mr. Garofalo said this would be included in the financial model and added there would be a lot of changes to the model this fall. Teachers’ health care costs and the in-house paramedic services were two more examples named.

Meetings attended: Mr. Thomas said the Selectmen had discussed water rates which are “going up by a phenomenal amount.” He again questioned the approach to addressing the water woes and the fact of needing to pay, year after year, for water to flush the system. Mr. Steele agreed, saying the approach “just doesn’t feel right.”

Ms. McClung asked whether the FY15 School Budget that FinCom members now have copies of would be discussed at some point. Mr. Steele said it’s just “FYI at this point.” He added, however, that it will help going forward to understand this level of detail.

Ms. Perry said she’d attended the Selectmen’s meeting on June 23 and CapEx on June 24. She generated notes about these meetings which she circulated to Committee members.

Mr. Steele said there had been a lengthy discussion at CapEx about the process of developing a more efficient capital model. He added that, at the meeting, Town Manager Reed acknowledged that the Town spends between \$10M and \$13M annually for capital projects. Mr. Steele said this message needs to be heard so that taxpayers understand that there are more capital projects than those considered as capital articles at Town Meeting.

Mr. Busa said he believes the full capital amount to be at least \$12M a year. Mr. Steel added that capital projects include those that are funded through bonding and the debt service. "We should call elephants 'elephants'," agreed Mr. Thomas.

Ms. Perry said that last year she had done a comprehensive analysis "of all the different pots that include capital. I found it helpful."

Ms. Perry asked Mr. Garofalo to put the water rates spread sheet in the Drop Box, which he did.

Mr. Bowen suggested that "combined capital spending" could be a topic for FinCom to present at Town Meeting. On the topic of water, Mr. Bowen said that flushing costs should be recovered by the water rates, although not necessarily all in one year. "It's part of the capital cost of replacing the system and we should recover it over eight to ten years or whatever time you're funding the pipe itself. Clearly doing it in one year is not right."

Mr. Busa said he sees the current situation as chronic. "Because it's chronic, you have to pay for it year by year. If not, it's just like anything else: you spread out the cost that's ongoing."

Ms. McClung wondered how to balance that with something like the roads. "We have road repairs and that's paid out of the tax levy and not everybody uses the roads."

Mr. Busa pointed out that not every taxpayer has children yet those residents still pay taxes to support the Schools.

Ms. McClung agreed and said that the Town should provide basic services and not expect to recoup water costs, for example, through the water rates.

Mr. Bowen said that some of the costs are recovered through business water use and that there are multiple tiers for different users and different volumes of use.

Minutes: Mr. Thomas recommended approval of the minutes of June 19 as amended. Ms. Perry seconded. The motion approved 6-0-1.

Mr. Garofalo asked for the Committee to decide an upcoming meeting schedule. There will be no meeting during the month of August. The September schedule is Sept. 11 and Sept.25.

Mr. Garofalo said capital project requests will be known in September. Mr. Steele said that the view CapEx is looking at now looks several years ahead. Ms. Perry said that, even though the system ranks project priority, she can't imagine the final order being done without human input.

There are three current FinCom candidates for two vacancies. Mr. Steele said interviews will take place in the first week in August. Mr. Thomas said it was important for the new members to be in place for the start of the budget process.

Mr. Kenney was acknowledge and thanked for his 29 years of service to the Town on the Finance Committee.

A motion to adjourn was made by Mr. Busa and seconded by Mr. Kenney. The motion passed 7-0-0.

Respectfully submitted,
Kim Siebert, FinCom Recording Secretary